



Consolidated Financial Highlights for the Second Quarter of FY2023 [Japanese GAAP]

November 10, 2023

Company name: TACHI-S CO., LTD. Stock exchange listings: Tokyo Stock Exchange

Code number: 7239 URL <https://www.tachi-s.co.jp/>

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Scheduled date of quarterly securities report submission: November 14, 2023

Scheduled date of start of dividend payment: December 4, 2023

The additional materials of the quarterly financial results : Yes

Holding of the quarterly financial results meeting : Yes (for securities analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Second Quarter of FY2023 (April 1, 2023 through September 30, 2023)

(1) Consolidated Operating Results (Cumulative) (% indicates the changes from the same period in the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2Q of FY2023	137,726	27.6	1,792	-	1,874	-	1,291	669.8
2Q of FY2022	107,925	13.1	(4,347)	-	(3,904)	-	167	-

(Note) Comprehensive income 2Q of FY2023 8,285 million yen [(0.4)%] 2Q of FY2022 8,321 million yen [- %]

	Net income per share	Diluted net income per share
	yen	yen
2Q of FY2023	37.71	-
2Q of FY2022	4.90	-

(2) Consolidated Financial Positions

	Total assets	Shareholder's equity	Shareholder's equity ratio
	Million yen	Million yen	%
2Q of FY2023	182,230	93,356	47.6
FY2022	170,004	86,481	47.3

(Reference) Equity capital 2Q of FY2023 86,816 million yen FY2022 80,369 million yen

2. Dividends

	Annual cash dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of fiscal year	Total
	yen	yen	yen	yen	yen
FY2022	-	36.80	-	36.80	73.60
FY2023	-	46.40			
FY2023 (Forecast)			-	46.40	92.80

(Note) Changes in forecast of dividend from the latest announcement: No

3. Consolidated Forecast for FY2023 (April 1, 2023 through March 31, 2024)

(% indicates the changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Full year	291,000	19.5	6,000	338.7	6,500	229.3	800	(86.3)	23.35

(Note) Changes in forecast of consolidated results from the latest announcement: Yes

* Notes

- (1) Major subsidiary changes during first six months of the fiscal year under review (changes affecting the scope of consolidation): No
- (2) Adoption of special accounting treatment pertaining to the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimation, and restatement.
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies except (i): No
 - (iii) Changes in accounting estimates: No
 - (iv) Restatement: No

(4) Number of outstanding shares (common stock)

(i) Number of shares outstanding at the end of the period (including treasury shares)	2Q of FY2023	35,242,846 shares	FY2022	35,242,846 shares
(ii) Number of treasury shares at the end of the period	2Q of FY2023	961,782 shares	FY2022	997,882 shares
(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)	2Q of FY2023	34,255,278 shares	2Q of FY2022	34,228,893 shares

* These financial highlights are not subject to audit procedures.

* Note for appropriate use of this financial forecast and other notices

The above business forecast is based on information currently available to the company and certain assumptions that the company judged appropriate. Actual results may differ from this forecast as a result of a variety of factors.

For cautionary notes regarding the assumptions that form the basis of the financial forecast and the use of the financial forecast, please refer to page 2 of the attachment "1. Qualitative Information for Quarterly Financial Results for the Period under Review (3) Explanation on consolidated financial forecast and other forward-looking information."

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1. Qualitative Information for Quarterly Financial Results for the Period under Review

(1) Explanation on operating results

In the consolidated cumulative first six months of the fiscal year under review, the Japanese economy continued to grow, led by domestic demand, as the economic recovery gathered momentum in the post-COVID-19 environment. Personal consumption has been on a recovery trend against the backdrop of rising wages, despite downward pressure due to higher prices. As for capital investment, investments from a medium- to long-term perspective, such as for digitalization and decarbonization, have been underway due to strong corporate performance. Despite lingering concerns over a downturn due to rising prices and a slowdown in overseas economies, the moderate economic recovery is expected to continue, particularly in terms of domestic demand.

In the auto industry in which the Group operates, the automotive manufacturers, which are customers of the Group, have been seeking to expand sales in response to the easing of semiconductor supply constraints. In looking ahead to the upcoming business trends, it is necessary to monitor the effect of prolonged high interest rates in major countries on automobile sales and the trends of the Chinese market, where sales of Japanese cars have generally been sluggish.

In this operating environment, the performance during the consolidated cumulative first six months of the fiscal year under review was as follows: Net sales increased by 27.6% year on year to 137,726 million yen, which led to an operating profit of 1,792 million yen (compared to an operating loss of 4,347 million yen in the same period of the previous fiscal year), an ordinary profit of 1,874 million yen (compared to an ordinary loss of 3,904 million yen in the same period of the previous fiscal year) and profit attributable to owners of parent of 1,291 million yen (up 669.8% from the same period of the previous fiscal year).

Earnings in the business segments are as follows.

(i) Japan

Net sales totaled 58,953 million yen (up 38.5% from the same period of the previous fiscal year), and operating profit was 1,031 million yen (compared to an operating loss of 2,163 million yen in the same period of the previous fiscal year).

(ii) North America

Net sales totaled 27,985 million yen (up 32.5% from the same period of the previous fiscal year), and operating loss was 40 million yen (compared to an operating loss of 1,145 million yen in the same period of the previous fiscal year).

(iii) Latin America

Net sales totaled 41,434 million yen (up 44.8% from the same period of the previous fiscal year), and operating profit was 803 million yen (compared to an operating loss of 1,615 million yen in the same period of the previous fiscal year).

(iv) Europe

Net sales totaled 0 million yen (down 99.9% from the same period of the previous fiscal year), and operating profit was 72 million yen (down 29.2% from the same period of the previous year).

(v) China

Net sales totaled 7,899 million yen (down 46.0% from the same period of the previous fiscal year), and operating loss was 34 million yen (compared to an operating profit of 671 million yen in the same period of the previous fiscal year).

(vi) Southeast Asia

Net sales totaled 1,452 million yen (up 70.9% from the same period of the previous fiscal year), and operating profit was 17 million yen (compared to an operating loss of 191 million yen in the same period of the previous fiscal year).

(2) Explanation on financial position

Total assets at the end of the consolidated second quarter of the fiscal year under review increased by 12,226 million yen from the end of the previous consolidated fiscal year to 182,230 million yen. This was mainly due to an increase of 5,670 million yen in cash and deposits and an increase of 2,493 million yen in investment securities.

Total liabilities increased by 5,351 million yen from the end of the previous consolidated fiscal year to 88,874 million yen. This is mainly due to an increase of 3,080 million yen in notes and accounts payable and an increase of 4,184 million yen in "Other" under current liabilities due to an increase in accrued expenses, etc.

Total net assets increased by 6,875 million yen from the end of the previous consolidated fiscal year to 93,356 million yen. This is primarily due to an increase of 5,107 million yen in foreign currency translation adjustment.

(3) Explanation on consolidated financial forecast and other forward-looking information

The financial forecast for the fiscal year ending March 2024 had not been determined because, in relation to the "FY2021 to 2024 medium-term management plan, Transformative Value Evolution (TVE)," announced in May 2021, the Company had closely examined the progress of TVE in response to significant changes in the business environment following its formulation. This time, the Company has made forecasts on the basis of currently available information and forecasts. For details, please refer to "Notice of revision of financial forecast" released today (November 10, 2023).

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly consolidated balance sheets

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2023)	Second quarter of the fiscal year under review (September 30, 2023)
Assets		
Current assets		
Cash and deposits	34,113	39,783
Notes and accounts receivable - trade	46,635	47,829
Securities	-	199
Merchandise and finished goods	2,606	2,347
Work in process	1,027	1,387
Raw materials and supplies	14,382	15,201
Other	7,062	6,709
Allowance for doubtful accounts	(21)	(32)
Total current assets	105,804	113,425
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,996	10,253
Machinery, equipment and vehicles, net	11,071	11,280
Other, net	13,620	14,217
Total property, plant and equipment	34,688	35,751
Intangible assets	999	1,251
Investments and other assets		
Investment securities	11,709	14,202
Other	17,284	18,155
Allowance for doubtful accounts	(482)	(556)
Total investments and other assets	28,511	31,802
Total non-current assets	64,199	68,805
Total assets	170,004	182,230

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2023)	Second quarter of the fiscal year under review (September 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	40,095	43,176
Short-term borrowings	14,495	11,769
Income taxes payable	847	640
Provision for bonuses for directors	30	-
Provision for loss on litigation	312	334
Asset retirement obligations	217	238
Other	14,883	19,067
Total current liabilities	70,880	75,226
Non-current liabilities		
Long-term borrowings	5,500	5,000
Provision for share-based remuneration	227	302
Retirement benefit liability	2,199	2,818
Asset retirement obligations	54	38
Other	4,661	5,488
Total non-current liabilities	12,642	13,648
Total liabilities	83,523	88,874
Net assets		
Shareholders' equity		
Share capital	9,040	9,040
Capital surplus	8,713	8,713
Retained earnings	50,734	50,752
Treasury shares	(1,426)	(1,368)
Total shareholders' equity	67,061	67,137
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	630	1,902
Foreign currency translation adjustment	12,723	17,830
Remeasurements of defined benefit plans	(46)	(54)
Total accumulated other comprehensive income	13,307	19,678
Non-controlling interests	6,111	6,540
Total net assets	86,481	93,356
Total liabilities and net assets	170,004	182,230

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income
Quarterly Consolidated Statement of Income
First six months of the fiscal year

	(Unit: Millions of yen)	
	First six months of the previous fiscal year (April 1, 2022 through September 30, 2022)	First six months of the fiscal year under review (April 1, 2023 through September 30, 2023)
Net sales	107,925	137,726
Cost of sales	103,105	126,089
Gross profit	4,820	11,637
Selling, general and administrative expenses		
Employees' salaries and benefits	3,103	3,543
Shipping expenses	1,154	1,468
Other	4,909	4,832
Total selling, general and administrative expenses	9,167	9,844
Operating profit (loss)	(4,347)	1,792
Non-operating income		
Interest income	153	343
Dividend income	103	117
Share of profit of entities accounted for using equity method	243	303
Miscellaneous income	326	160
Total non-operating income	826	925
Non-operating expenses		
Interest expenses	230	455
Foreign exchange losses	105	313
Miscellaneous expenditures	46	74
Total non-operating expenses	382	843
Ordinary profit (loss)	(3,904)	1,874
Extraordinary income		
Gain on sale of non-current assets	5,347	28
Total extraordinary income	5,347	28
Extraordinary losses		
Loss on disposal of non-current assets	78	25
Business structurer improvement expenses	71	10
Total extraordinary losses	149	36
Profit (loss) before income taxes	1,293	1,866
Income taxes - current	1,298	893
Income taxes - deferred	(588)	(415)
Total income taxes	709	478
Profit	583	1,388
Profit attributable to non-controlling interests	416	96
Profit attributable to owners of parent	167	1,291

Quarterly Consolidated Statement of Comprehensive Income

First six months of the fiscal year

(Unit: Millions of yen)

	First six months of the previous fiscal year (April 1, 2022 through September 30, 2022)	First six months of the fiscal year under review (April 1, 2023 through September 30, 2023)
Profit	583	1,388
Other comprehensive income		
Valuation difference on available-for-sale securities	(636)	1,271
Foreign currency translation adjustment	6,720	4,629
Remeasurements of defined benefit plans	(19)	(8)
Share of other comprehensive income of associates accounted for under the equity method	1,673	1,003
Total other comprehensive income	7,737	6,896
Comprehensive income	8,321	8,285
(Breakdown)		
Comprehensive income attributable to owners of parent	7,008	7,662
Comprehensive income attributable to non-controlling interests	1,313	622

(3) Quarterly consolidated statement of cash flows

(Unit: Millions of yen)

	First six months of the previous fiscal year (April 1, 2022 through September 30, 2022)	First six months of the fiscal year under review (April 1, 2023 through September 30, 2023)
Cash flows from operating activities		
Profit (loss) before income taxes	1,293	1,866
Depreciation	2,729	2,637
Increase (decrease) in allowance for doubtful accounts	(38)	(5)
Interest and dividend income	(256)	(461)
Interest expenses	230	455
Share of loss (profit) of entities accounted for using equity method	(243)	(303)
Loss (gain) on disposal of non-current assets	(5,269)	(2)
Decrease (increase) in trade receivables	2,708	1,140
Decrease (increase) in inventories	(85)	284
Increase (decrease) in trade payables	(817)	869
Other	925	4,532
Subtotal	1,177	11,014
Interest and dividends received	548	626
Interest paid	(195)	(597)
Income taxes paid	(1,462)	(997)
Cash flows from operating activities	67	10,046
Cash flows from investing activities		
Payments into time deposits	-	(60)
Proceeds from withdrawal of time deposits	1,440	-
Net decrease (increase) in short-term investment securities	375	-
Purchase of property, plant and equipment	(1,764)	(1,602)
Proceeds from sale of property, plant and equipment	6,862	79
Purchase of investment securities	(22)	(25)
Payments for investments in capital of subsidiaries and associates	-	(39)
Other	111	1,785
Cash flows from investing activities	7,002	138
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(714)	(4,223)
Repayments of long-term borrowings	(500)	(500)
Decrease (increase) in treasury shares	36	57
Dividends paid to non-controlling interests	(923)	(194)
Dividends paid	(1,099)	(1,272)
Other	(835)	(508)
Cash flows from financing activities	(4,037)	(6,640)
Effect of exchange rate change on cash and cash equivalents	3,263	1,965
Net increase (decrease) in cash and cash equivalents	6,296	5,510
Cash and cash equivalents at beginning of period	29,360	32,863
Cash and cash equivalents at end of period	35,656	38,373

(4) Notes regarding quarterly consolidated financial statements

(Notes regarding going concern assumptions)

Not applicable

(Notes when there was a substantial change in the amount of shareholders' equity)

Not applicable

(Changes in accounting policies)

Some subsidiaries that have adopted the International Financial Reporting Standards have applied the amendment to IAS No. 12, "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction," since the consolidated first quarter of the fiscal year. This application clarifies the accounting treating at the time of initial recognition regarding a transaction that causes a taxable temporary difference and a deductible temporary difference. For the taxable temporary difference and the deductible temporary difference, deferred tax liabilities and assets are recognized, respectively, on the consolidated balance sheet. The impact of this accounting policy change on the Quarterly Consolidated Financial Statements is insignificant.

(Segment information, etc.)

Information related to net sales and profit/loss for each reportable segment and information on disaggregation of revenue

First six months of the previous fiscal year (April 1, 2022 through September 30, 2022)

(Unit: Millions of yen)

	Reportable Segment							Adjustments (Note) 1	Amount reported on quarterly consolidated statement of income (Note) 2
	Japan	North America	Latin America	Europe	China	Southeast Asia	Total		
Net sales									
Revenue from contracts with customers	42,565	21,125	28,622	128	14,634	850	107,925	-	107,925
Sales to outside customers	42,565	21,125	28,622	128	14,634	850	107,925	-	107,925
Intersegment sales or transfers	1,563	380	1,172	546	5,271	217	9,153	(9,153)	-
Total	44,129	21,505	29,794	674	19,905	1,067	117,079	(9,153)	107,925
Segment profit (loss)	(2,163)	(1,145)	(1,615)	103	671	(191)	(4,341)	(6)	(4,347)

(Note) 1. Adjustments of segment profit (loss) are after elimination of inter-segment transactions

2. Segment profit (loss) is adjusted with operating loss under quarterly consolidated statement of income

First six months of the fiscal year under review (April 1, 2023 through September 30, 2023)

(Unit: Millions of yen)

	Reportable Segment							Adjustments (Note) 1	Amount reported on quarterly consolidated statement of income (Note) 2
	Japan	North America	Latin America	Europe	China	Southeast Asia	Total		
Net sales									
Revenue from contracts with customers	58,953	27,985	41,434	0	7,899	1,452	137,726	-	137,726
Sales to outside customers	58,953	27,985	41,434	0	7,899	1,452	137,726	-	137,726
Intersegment sales or transfers	2,224	498	1,546	498	7,502	49	12,320	(12,320)	-
Total	61,178	28,484	42,980	499	15,401	1,502	150,046	(12,320)	137,726
Segment profit (loss)	1,031	(40)	803	72	(34)	17	1,851	(58)	1,792

(Note) 1. Adjustments of segment profit (loss) are after elimination of inter-segment transactions

2. Segment profit (loss) is adjusted with operating profit under quarterly consolidated statement of income.